

C O N F I D E N T I A L HARARE 001863

SIPDIS

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TAGS: ECON EMIN PINR ZI

SUBJECT: BREDENKAMP CONSULTANT DISCUSSES HIS PROMINENT CLIENT'S BUSINESS DEAL (C-NA2-00908)

Classified By: Laboff KRBEL for reasons 1.5 (b) and (d).

¶11. (C) On August 15, Laboff met with a local economist and John Hollaway (protect), a Zimbabwean mining consultant, to discuss potential economic lifelines available to the GOZ through development of platinum resources. As expected, Hollaway believes that any sizable expansion of the platinum mines will depend heavily upon outside investment, which is not very likely given the dismal investment climate as well as the perennial rumors of nationalization/ indigenization of the Zimbabwean mining industry. Hollaway has agreed to facilitate a visit to one of the platinum mines for Laboff and DCM in order to get a better feel for the situation on the ground.

¶12. (C) Hollaway was returning from a trip to the Democratic Republic of Congo (DRC), where he has been working as a consultant for wealthy Zimbabwean businessman John Bredenkamp, who has long enjoyed a cozy relationship with the Mugabe government. According to Hollaway, Bredenkamp is disenchanted with his investments in one of the world's richest cobalt deposits located in the DRC, where he has recently spent over US\$24 million with no profit in sight. Hollaway noted that mining is a capital-intensive, long-term investment, which contrasts with many of Bredenkamp's other ventures in such businesses as oil, weapons, and land, which tend to produce more immediate profits. In a business venture which Hollaway requested that Post keep confidential, he is currently investigating whether a failed Zimbabwean platinum refining unit can be retrofitted in order to refine cobalt mined from the DRC deposit.

¶13. (C) Hollaway also mentioned that he had the opportunity to speak with some of the Zimbabwean soldiers while on assignment in the DRC. In what he characterized as "about a dozen highly discreet conversations" with non-commissioned officers and lower level commissioned officers, Hollaway discerned more than a little discontent. According to Hollaway, the soldiers expressed frustration at being used as pawns as well as a fairly widespread lack of interest in being Zanu-PF lackeys. Although there is extensive talk of Zimbabwe looting the resources of the DRC, Hollaway reported that the soldiers felt that Zimbabwe was actually being looted instead. Timber concessions granted to Zimbabwe have turned out to generate insignificant profits, while diamond mine concessions have benefited only a handful of the top military brass. While some soldiers are obtaining Zimbabwean farms through the land resettlement program, apparently only the higher-level officers are beneficiaries. In return, Zimbabwean soldiers have been involved in a long-running conflict in a far-off land while the news from home signals repressive social legislation, political unrest and domestic economic disaster. Hollaway acknowledged that the return of discontented troops to a volatile domestic situation could be problematic. In fact, he speculated that if soldier discontent were to ripen into some sort of action, that action will likely take the form of a junior-officer coup, perhaps with a "sprinkling of generals" just for legitimacy's sake.

¶14. (C) Comment: John Hollaway is a fairly significant mining consultant on the regional scene who was introduced to us by a well-respected economist. Hollaway is a second generation white Zimbabwean who has experience in assessing deposits and mining gold in Zimbabwe, South Africa, and Tanzania, among other projects, and he is currently working as a consultant with Bredenkamp and other local clients in an attempt to increase the production of platinum from Zimbabwe. He has no apparent axe to grind and, unlike some other white Zimbabweans, he does not seem to be indulging in fanciful scenarios wherein U.S. Marines ride in to the rescue. He did not offer his observations as a method of spurring the Western powers to action, but simply as responses to questions about his recent work in the DRC. In fact, he was on his way to address the Chamber of Commerce in Harare about the "window of opportunity" which existed in the DRC mining industry, at the request of a DRC contact interested in luring Zimbabwean technological investment in the DRC. End comment.

SULLIVAN